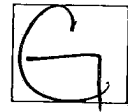


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-02205A
Gadsden Water Company, Inc
PO Box 519
Somerton, AZ 85350

ANNUAL REPORT

FOR YEAR ENDING

12	31	2007
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RECEIVED

MAR 24 2008

AZ CORP COMIV
Director Utilities

FOR COMMISSION USE

ANN 04	07
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PROCESSED BY

3-31-08

SCANNED

COMPANY INFORMATION

Company Name (Business Name) <u>GADSDEN WATER COMPANY, INC.</u>		
Mailing Address <u>P.O. BOX 519</u>		
<u>SOMERTON</u> (City)	<u>ARIZONA</u> (State)	<u>85350</u> (Zip)
<u>(928) 344-4222</u> Telephone No. (Include Area Code)	<u>(928) 726-3999</u> Fax No. (Include Area Code)	<u>(928) 376-8038</u> Cell No. (Include Area Code)
Email Address <u>LGDEERE@EARTHLINK.NET</u>		
Local Office Mailing Address <u>P.O. BOX 519</u>		
<u>SOMERTON</u> (City)	<u>ARIZONA</u> (State)	<u>85350</u> (Zip)
<u>(928) 344-4222</u> Local Office Telephone No. (Include Area Code)	<u>(928) 726-3999</u> Fax No. (Include Area Code)	<u>(928) 376-8038</u> Cell No. (Include Area Code)
Email Address <u>LGDEERE@EARTHLINK.NET</u>		

MANAGEMENT INFORMATION

Management Contact: <u>JIMMY A. DEERE</u>		<u>PRESIDENT</u>	
(Name)		(Title)	
<u>14781 S. AVENUE B</u> (Street)	<u>YUMA</u> (City)	<u>ARIZONA</u> (State)	<u>85364</u> (Zip)
<u>(928) 344-4222</u> Telephone No. (Include Area Code)	<u>(928) 726-3999</u> Fax No. (Include Area Code)	<u>(928) 376-8038</u> Cell No. (Include Area Code)	
Email Address <u>LGDEERE@EARTHLINK.NET</u>			
On Site Manager: <u>JIMMY A. DEERE</u>			
(Name)			
<u>14781 S. AVENUE B</u> (Street)	<u>YUMA</u> (City)	<u>ARIZONA</u> (State)	<u>85364</u> (Zip)
<u>(928) 344-4222</u> Telephone No. (Include Area Code)	<u>(928) 726-3999</u> Fax No. (Include Area Code)	<u>(928) 376-8038</u> Cell No. (Include Area Code)	
Email Address <u>LGDEERE@EARTHLINK.NET</u>			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: JIMMY A. DEERE

(Name)

14781 S. AVENUE B

(Street)

YUMA

(City)

ARIZONA

(State)

85364

(Zip)

(928) 344-4222

Telephone No. (Include Area Code)

(928) 726-3999

Fax No. (Include Area Code)

(928) 376-8038

Cell No. (Include Area Code)

Attorney: NONE

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Cell No. (Include Area Code)

Email Address

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☒ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☒ YUMA

☐ STATEWIDE

COMPANY NAME

GADSDEN WATER COMPANY, INC.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	1,221	1,221	0
302	Franchises			
303	Land and Land Rights	3,500		3,500
304	Structures and Improvements	971	970	1
307	Wells and Springs	12,754	11,873	881
311	Pumping Equipment	4,593	1,016	3,577
320	Water Treatment Equipment	3,749	3,230	519
330	Distribution Reservoirs and Standpipes	12,514	6,638	5,876
331	Transmission and Distribution Mains	9,373	9,357	16
333	Services	7,396	3,508	3,888
334	Meters and Meter Installations	639	315	324
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	10,035	5,347	4,688
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	574	503	71
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	67,319	43,978	23,341

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME GADSDEN WATER COMPANY, INC.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2) KA
301	Organization	1,221	20%	0
302	Franchises			
303	Land and Land Rights	3,500	N/A	0
304	Structures and Improvements	971	5%	0
307	Wells and Springs	12,754	5%	426
311	Pumping Equipment	4,593	5%	230
320	Water Treatment Equipment	3,749	5%	60
330	Distribution Reservoirs and Standpipes	12,514	5%	587
331	Transmission and Distribution Mains	9,373	5%	0
333	Services			
334	Meters and Meter Installations	7,396	5%	371
335	Hydrants	639	5%	32
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	10,035	5%	502
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	574	5%	19
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	67,319		2,227

This amount goes on the Comparative Statement of Income and Expense _____
Acct. No. 403.

**This amount differs from calculation due to fully depreciated assets.

COMPANY NAME GADSDEN WATER COMPANY, INC.

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 10,013	\$ 6,598
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 10,013	\$ 6,598
	FIXED ASSETS		
101	Utility Plant in Service	\$ 67,319	\$ 67,319
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(41,751)	(43,978)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 25,568	\$ 23,341
	TOTAL ASSETS	\$ 35,581	\$ 29,939

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME GADSDEN WATER COMPANY, INC.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes	210	213
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	45,379	49,892
	TOTAL CURRENT LIABILITIES	\$ 45,589	\$ 50,105
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$ 45,589	\$ 50,105
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 50,000	\$ 50,000
211	Paid in Capital in Excess of Par Value Treasury Stock	(42,373)	(42,373)
215	Retained Earnings	(17,635)	(27,793)
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$(10,008)	\$(20,166)
	TOTAL LIABILITIES AND CAPITAL	\$ 35,581	\$ 29,939

COMPANY NAME GADSDEN WATER COMPANY, INC.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 40,377	\$ 40,965
460	Unmetered Water Revenue		
474	Other Water Revenues	6,338	3,674
	TOTAL REVENUES	\$ 46,715	\$ 44,639
	OPERATING EXPENSES		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	4,167	5,073
618	Chemicals		
620	Repairs and Maintenance	970	2,252
621	Office Supplies and Expense	1,042	1,792
630	Outside Services	25,381	24,145
635	Water Testing	3,359	3,606
641	Rents		
650	Transportation Expenses	9,837	9,837
657	Insurance – General Liability	1,685	1,640
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	1,413	1,432
403	Depreciation Expense	2,227	2,227
408	Taxes Other Than Income	267	
408.11	Property Taxes	3,026	2,793
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 53,374	\$ 54,797
	OPERATING INCOME/(LOSS)	\$ (6,659)	\$ (10,158)
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	TOTAL OTHER INCOME/(EXPENSE)	\$	\$
	NET INCOME/(LOSS)	\$ (6,659)	\$ (10,158)

COMPANY NAME GADSDEN WATER COMPANY, INC.

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	N/A	N/A	N/A	N/A
Source of Loan	N/A	N/A	N/A	N/A
ACC Decision No.	N/A	N/A	N/A	N/A
Reason for Loan	N/A	N/A	N/A	N/A
Dollar Amount Issued	\$ 0	\$ 0	\$ 0	\$ 0
Amount Outstanding	\$ 0	\$ 0	\$ 0	\$ 0
Date of Maturity	N/A	N/A	N/A	N/A
Interest Rate	N/A %	N/A %	N/A %	N/A %
Current Year Interest	\$ 0	\$ 0	\$ 0	\$ 0
Current Year Principle	\$ 0	\$ 0	\$ 0	\$ 0

Meter Deposit Balance at Test Year End	\$ 0
Meter Deposits Refunded During the Test Year	\$ 0

COMPANY NAME GADSDEN WATER COMPANY, INC.

Name of System: GADSDEN WATER CO. **ADEQ Public Water System Number:** 14037

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
14-037	10	300	180	8	2 x 2	1984

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	1	1	
7 1/2	1		
10	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
50,000	1	2,000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	GADSDEN WATER COMPANY, INC.
Name of System:	GADSDEN WATER CO. ADEQ Public Water System Number: 14037

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6	CL150	6,949 LF
8	CL150	6,403 LF
10	CL150	1,173 LF
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	190
3/4	
1	
1 1/2	1
2	2
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

SENTRY 1 CHLORINATOR	

STRUCTURES:

8' x 12' STORAGE SHED	
8' x 10' CONTROL SHED	

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: GADSDEN WATER COMPANY, INC.
Name of System: GADSDEN WATER CO. ADEQ Public Water System Number: 14037

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2007

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	191	318	329	0
FEBRUARY	193	336	349	0
MARCH	194	382	394	0
APRIL	197	395	407	0
MAY	196	388	400	0
JUNE	195	593	605	0
JULY	193	390	401	0
AUGUST	195	468	480	0
SEPTEMBER	193	416	429	0
OCTOBER	193	407	419	0
NOVEMBER	195	257	267	0
DECEMBER	194	394	406	0
TOTALS →		4,744	4,886	0

What is the level of arsenic for each well on your system? 0 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 15 GPM for 2 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: N/A

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME GADSDEN WATER COMPANY, INC.

YEAR ENDING 12/31/2007

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2007 was: \$ 2,792.60

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

2006 PROPERTY TAX STATEMENT YUMA COUNTY, ARIZONA



KAREN FRITZ, TREASURER
410 MAIDEN LANE, STE C
YUMA, AZ 85364

THIS IS THE ONLY TAX NOTICE YOU WILL RECEIVE

The Yuma County Treasurer mails tax bills to all property owners. If you have a mortgage on your property and your taxes are paid through an impound account, keep this notice for your records.

*****AUTOCR**B-009 1 T 35 P 144
GADSDEN WATER CO 7114
C/O JIM DEERE
PO BOX 519
SOMERTON AZ 85350-0519



For important information
and payment instructions,
see reverse side.

YOUR CHECK IS YOUR RECEIPT

*10/31/06
ck 1525*

*paid
Ind 1/2
4/27/07
ck 1584
14231*

LOCATION ADDRESS GADSDEN 85336
LEGAL DESCRIPTION OF PROPERTY
CENTRALLY VALUED PROPERTY ACCOUNT 55-102. PARCELS 102-42-019,
102-42-020.
GADSDEN WATER COMPANY

ACCOUNT NUMBER
U0000017
PARCEL IDENTIFICATION

TAX AREA CODE
3230

PRIMARY PROPERTY TAX CALCULATION						
ITEM	Limited Value	ASSMT%	Assessed Value	Exemption	Tax Rate	Ad Valorem Tax
LAND BLDGS, ETC.	12,314	24.50	3,017	0	10.4591	227.73
PERSONAL PROPERTY	71,686	24.50	17,563	0	10.9591	1,924.75
TOTALS	84,000		20,580	0		2,152.48

2006 TAX SUMMARY	
Primary Ad Valorem Tax	2,152.48
Less State Aid To Education	0.00
Net Primary Ad Valorem Tax	2,152.48
Secondary Ad Valorem Tax	702.14
Special District Tax	0.00

SECONDARY PROPERTY TAX CALCULATION						
ITEM	Full Cash Value	ASSMT%	Assessed Value	Exemption	Tax Rate	Ad Valorem Tax
LAND	11,125	24.50	2,726	0	3.7104	101.15
BLDGS, ETC.	1,189	24.50	291	0	3.7104	10.80
PERSONAL PROPERTY	71,686	24.00	17,563	0	3.3604	590.19
TOTALS	84,000		20,580	0		702.14

TOTAL TAX DUE	2,854.62
HALF TAX	1,427.31

2005 - 2006 TAX COMPARISON							
AUTHORITY NUMBER	AUTHORITY NAME	LEVY TYPE	PURPOSE	2006 TAX DISTRIBUTION	2005 TAX DISTRIBUTION	DIFFERENCE	TAX RATE
02000	YUMA COUNTY	PRIM		441.00	461.46	-20.46	2.1429
02002	SCHOOL EQUALIZATION	PRIM		.00	90.43	-90.43	.0000
05032	GADSDEN SD#32	PRIM		857.04	864.14	-7.10	4.1644
06103	YUHS SD#70	PRIM		466.46	472.44	-5.98	2.2666
08150	ARIZONA WESTERN COLLEGE	PRIM		387.98	391.08	-3.10	1.8852
14900	YUMA COUNTY LIBRARY	SCND		188.10	119.10	69.00	.9140
15829	YUMA COUNTY FLOOD CONTROL	SCND		10.56	10.76	-.20	.3500
65032	GADSDEN SD#32	SCND	CLASS A BONDS	247.40	313.01	-65.61	1.2021
66103	YUHS SD#70	SCND	CLASS A BONDS	4.63	155.02	-150.39	.0225
68150	AWC 2003 BOND ISSUE	SCND		35.69	42.58	-6.89	.1734
68154	AWC 2005 BOND ISSUE	SCND		15.06	55.51	-40.45	.0732
68155	AWC 2006 BOND ISSUE	SCND	DEBT SERVICE	52.01	.00	52.01	.2527
76103	YUHS SD#70	SCND	CLASS B BONDS	148.69	.00	148.69	.7225
TOTALS				2,854.62	2,975.53	-120.91	

DELINQUENT DATES

1st Half Year Taxes become delinquent on November 1, 2006 at 5:00 PM, unless the full year tax bill exceeds \$100.00 and the full year is paid by December 31, 2006 (excluding delinquencies that are due November 1, 2006).

2nd Half Year Taxes become delinquent on May 1, 2007 at 5:00 PM

PLEASE SEND ALL PAYMENTS TO: Karen Fritz, Yuma County Treasurer, 410 Maiden Lane Ste. C, Yuma, AZ 85364

2007 PROPERTY TAX STATEMENT YUMA COUNTY, ARIZONA



KAREN FRITZ, TREASURER
410 MAIDEN LANE, STE C
YUMA, AZ 85364

THIS IS THE ONLY TAX NOTICE YOU WILL RECEIVE

The Yuma County Treasurer mails tax bills to all property owners. If you have a mortgage on your property and your taxes are paid through an impound account, keep this notice for your records.

GADSDEN WATER CO
C/O JIM DEERE
PO BOX 519
SOMERTON AZ 85350

11042

For important information
and payment instructions,
see reverse side.

YOUR CHECK IS YOUR RECEIPT.

*151 1/2
Pd 10/29/07
ck 1640.29
1365.*

LOCATION ADDRESS | GADSDEN 85336

LEGAL DESCRIPTION OF PROPERTY

CENTRALLY VALUED PROPERTY ACCOUNT 55-102. PARCELS 102-42-019,
102-42-020.

GADSDEN WATER COMPANY

ACCOUNT NUMBER
U0000017

PARCEL IDENTIFICATION

TAX AREA CODE
3230

PRIMARY PROPERTY TAX CALCULATION

ITEM	Limited Value	ASSMT%	Assessed Value	Exemption	Tax Rate	Ad Valorem Tax
LAND BLDGS, ETC.	12,255	24.00	2,941	0	10.3408	218.02
PERSONAL PROPERTY	71,745	24.00	17,219	0	10.8408	1,866.68
TOTALS	84,000		20,160	0		2,084.70

2007 TAX SUMMARY

Primary Ad Valorem Tax	2,084.70
Less State Aid To Education	0.00
Net Primary Ad Valorem Tax	2,084.70
Secondary Ad Valorem Tax	645.88
Special District Tax	0.00

SECONDARY PROPERTY TAX CALCULATION

ITEM	Full Cash Value	ASSMT%	Assessed Value	Exemption	Tax Rate	Ad Valorem Tax
LAND	11,130	24.00	2,670	0	3.5027	93.53
BLDGS, ETC.	1,130	24.00	271	0	3.5027	9.49
PERSONAL PROPERTY	71,750	24.00	17,219	0	3.1527	542.86
TOTALS	84,010		20,160	0		645.88

TOTAL TAX DUE	2,730.58
HALF TAX	1,365.29

2006 - 2007 TAX COMPARISON

AUTHORITY NUMBER	AUTHORITY NAME	LEVY TYPE	PURPOSE	2007 TAX DISTRIBUTION	2006 TAX DISTRIBUTION	DIFFERENCE	TAX RATE
02000	YUMA COUNTY	PRIM		407.07	441.01	-33.94	2.0192
05032	GADSDEN SD#32	PRIM		818.67	857.04	-38.37	4.0609
06103	YUHS SD#70	PRIM		509.29	466.46	42.83	2.5262
08150	ARIZONA WESTERN COLLEGE	PRIM		349.67	387.98	-38.31	1.7345
14900	YUMA COUNTY LIBRARY	SCND		184.26	188.10	-3.84	.9140
15829	YUMA COUNTY FLOOD CONTROL	SCND		10.30	10.56	-.26	.3500
65032	GADSDEN SD#32	SCND	CLASS A BONDS	212.04	247.40	-35.36	1.0518
66103	YUHS SD#70	SCND	CLASS A BONDS	50.42	4.63	45.79	.2501
68150	AWC 2003 BOND ISSUE	SCND		27.84	35.69	-7.85	.1381
68154	AWC 2005 BOND ISSUE	SCND		16.15	15.06	1.09	.0801
68155	AWC 2006 BOND ISSUE	SCND	DEBT SERVICE	45.10	52.01	-6.91	.2237
76103	YUHS SD#70	SCND	CLASS B BONDS	99.77	148.69	-48.92	.4949
TOTALS				2,730.58	2,854.63	-124.05	

DELINQUENT DATES

1st Half Year Taxes become delinquent on November 1, 2007 at 5:00 PM, unless the full year tax bill exceeds \$100.00 and the full year is paid by December 31, 2007 (excluding delinquencies that are due November 1, 2007).

2nd Half Year Taxes become delinquent on May 1, 2008 at 5:00 PM

PLEASE SEND ALL PAYMENTS TO: Karen Fritz, Yuma County Treasurer, 410 Maiden Lane Ste. C, Yuma, AZ 85364

VERIFICATION
AND
SWORN STATEMENT
Taxes

RECEIVED

MAR 28 2008

ARIZONA CORP COMMISSION
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
<u>YUMA</u>
NAME (OWNER OR OFFICIAL) TITLE
<u>JIMMY A. DEERE, PRESIDENT</u>
COMPANY NAME
<u>GADSDEN WATER COMPANY, INC.</u>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2007</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

[Signature]

SIGNATURE OF OWNER OR OFFICIAL

928-344-4222

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF



THIS 27th DAY OF

Rosa Negrete
Notary Public

Yuma County, Arizona

Expires 10-26-2011

MY COMMISSION EXPIRES Oct 26, 2011

COUNTY NAME		
<u>YUMA</u>		
MONTH	<u>MARCH</u>	<u>2008</u>

[Signature]

SIGNATURE OF NOTARY PUBLIC

COMPANY NAME GADSDEN WATER COMPANY, INC.

YEAR ENDING 12/31/2007

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>(9,250)</u>
Estimated or Actual Federal Tax Liability	<u>0</u>

State Taxable Income Reported	<u>(9,250)</u>
Estimated or Actual State Tax Liability	<u>0</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>0</u>
Amount of Gross-Up Tax Collected	<u>0</u>
Total Grossed-Up Contributions/Advances	<u>0</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

3/27/08
DATE

JIMMY A. DEERE
PRINTED NAME

PRESIDENT
TITLE

**VERIFICATION
AND
SWORN STATEMENT**
Intrastate Revenues Only

RECEIVED

MAR 26 2008

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
<u>YUMA</u>
NAME (OWNER OR OFFICIAL) TITLE
<u>JIMMY A. DEERE, PRESIDENT</u>
COMPANY NAME
<u>GADSDEN WATER COMPANY, INC.</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2007</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2007 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 47,489.73

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 2,851.72
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST
INCLUDE SALES TAXES BILLED OR
COLLECTED. IF FOR ANY OTHER REASON,
THE REVENUE REPORTED ABOVE DOES NOT
AGREE WITH TOTAL OPERATING REVENUES
ELSEWHERE REPORTED, ATTACH THOSE
STATEMENTS THAT RECONCILE THE
DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF



Rosa Negrete

Notary Public

Yuma County, Arizona

(Expires 10-26-2011)

J. A. Deere
SIGNATURE OF OWNER OR OFFICIAL
928-344-4222
TELEPHONE NUMBER

COUNTY NAME	<u>YUMA</u>
MONTH	<u>MARCH</u>
	<u>20 08</u>

MY COMMISSION EXPIRES

Oct. 26, 2011

Rosa Negrete
SIGNATURE OF NOTARY PUBLIC

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
Intrastate Revenues Only

RECEIVED

MAR 28 2008

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) YUMA	
NAME (OWNER OR OFFICIAL) JIMMY A. DEERE	TITLE PRESIDENT
COMPANY NAME GADSDEN WATER COMPANY, INC.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2007

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2007 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ 47,489.73

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 2,851.72
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

[Signature]

SIGNATURE OF OWNER OR OFFICIAL


928-344-4222

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 27th DAY OF

(SEAL)  Notary Public
Yuma County, Arizona

Expires 10-26-2011
MY COMMISSION EXPIRES

Oct 26, 2011

NOTARY PUBLIC NAME ROSA NEGRETE	
COUNTY NAME YUMA	
MONTH MARCH	20 08

X

[Signature]

SIGNATURE OF NOTARY PUBLIC